

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

IN THE MATTER OF THE APPLICATION OF PULASKI COUNTY)
WATER DISTRICT NO. 1, OF PULASKI COUNTY, KENTUCKY,))
FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY, AUTHORIZING AND PERMITTING SAID WATER)
DISTRICT TO CONSTRUCT A WATERWORKS CONSTRUCTION)
PROJECT, CONSISTING OF EXTENSIONS, ADDITIONS AND)
IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF)
THE DISTRICT; (2) APPROVAL OF THE PROPOSED PLAN)
OF FINANCING OF SAID PROJECT: and (3) APPROVAL)
OF THE INCREASED WATER RATES PROPOSED TO BE)
CHARGED BY THE DISTRICT TO CUSTOMERS OF THE)
DISTRICT.)

CASE NO. 7911

I N T E R I M O R D E R

Preface

On July 15, 1980, the Pulaski County Water District No. 1 (hereafter referred to as the "Utility") filed with this Commission its duly verified application seeking a Certificate of Public Convenience and Necessity authorizing the construction of extensions, additions, and other improvements to its existing water distribution system. The Utility also seeks approval of the proposed method of financing the project and approval of proposed adjustments to its existing rates for providing water service. Approximately 689 customers are currently being served by the Utility.

The case was set for hearing on the Construction and Financing aspects of the application in Frankfort, Kentucky, September 3, 1980. All parties of interest were notified and no protests were entered. A hearing on the rate aspects of the application has been scheduled for November 5, 1980.

This Interim Order addresses the construction and financing proposals of the Utility in order to facilitate the acceptance of the current construction bids on this project which expire October 3, 1980. A subsequent order of this Commission will address the matter of the adjustment in rates sought by the Utility.

A copy of a letter from the Sanitary Engineering Division of the Kentucky Department for Natural Resources and Environmental Protection approving the Utility's plans and specifications for the proposed project is on file with this Commission.

Findings in This Matter

The Commission, after a review of the record and being advised, is of the opinion and finds:

1. That in consideration of the exigency of matters related to the awarding of a contract for construction of the Utility's proposed project, the Commission received testimony on said matters at the September 3, 1980, hearing. The evidentiary record of the said hearing established the basis for entering this Order addressing the certification of construction and the financing thereof.

2. That testimony regarding the Utility's proposed rate adjustments has not been received as of the date of this Order. The Commission, therefore, can make no specific findings herein on the proposed rate adjustments. The Commission's general findings regarding the said adjustments can, however, be set forth as follows: "Revenue Requirements" will include the Utility's obligations for payment of principal and interest on both the 1963 bonds and the proposed 1980 bonds as well as the expenses for operations, maintenance and management. The "Rates" to be set by the Commission in this matter should provide for revenues that will enable the Bonds of 1980 to be issued on the basis of a coverage factor of 1.2 times debt service requirements.

3. That Public Convenience and Necessity requires construction of the Utility's proposed Waterworks System Project in Pulaski County, Kentucky, as set forth in the application.

4. That the construction project proposed by the Utility consists of approximately 7.08 miles of additional water mains along seven roads as follows: 0.36 miles on Heaton Road, 3.73 miles on KY 635, 1.37 miles on the Loveless Road, 0.18 miles on Stringtown Road, 0.12 miles on Anderson Road, 0.94 miles on KY 1676, 0.38 miles on the Beech Grove Ridge Road, and 41 service connections; all at a total project cost of \$260,300.

5. That any construction deviations from the contract plans and specifications, herein approved, which could adversely affect service to any customer should be subject to the prior approval of this Commission.

6. That the financing of this project composed of the issuance of \$250,000 in water revenue bonds and \$10,300 from future customer's contributions in aid of construction is for lawful objects within the corporate purposes of the Utility, is necessary and appropriate for and

consistent with the proper performance by the Utility of its service to the public and will not impair its ability to perform that service.

7. That the Utility should furnish the Commission with duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

8. That the contract between the Utility and the Engineer should require the Engineer to provide general engineering supervision and full-time resident inspection to insure that the construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

9. That within sixty (60) days of the date of substantial completion of this construction, the Utility should require the Engineer to furnish this Commission with a copy of the as-built plans and a certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

ORDERS IN THIS MATTER

The Commission, on the basis of the matters hereinbefore set forth the evidentiary record in this case:

HEREBY ORDERS that the Utility be and it is hereby granted a Certificate of Public Convenience and Necessity to construct additions to its existing water distribution system to serve additional residents of Pulaski County, Kentucky, in accordance with the contract plans and specifications filed in this matter.

IT IS FURTHER ORDERED that any construction deviations from the contract plans and specifications, hereby approved, which could adversely affect service to any customer, shall be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that the Utility be and it is hereby authorized to finance this construction project with \$10,300 contributions in aid of construction from applicants for service and the issuance of \$250,000 in revenue bonds at an interest rate not to exceed 5%. Further, that this \$260,300.00 in project funds shall be used only for the lawful objects as set forth in the application.

IT IS FURTHER ORDERED that the Utility shall file with the Commission a duly verified document or documents which show the total cost of this

project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed.

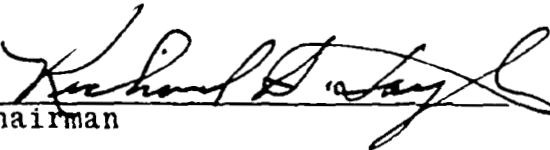
IT IS FURTHER ORDERED that the contract between the Utility and the Engineer shall require the Engineer to provide general engineering supervision and full-time resident inspection to insure that the contractor's construction work conforms to the best construction practices and is done in accordance with the contract plans and specifications.

IT IS FURTHER ORDERED that the Utility shall require the Engineer, within sixty (60) days of substantial completion of the proposed construction, to furnish this Commission with a copy of the "As-Built Plans" and a certification that the construction has been satisfactorily completed and was done in accordance with the contract plans and specifications.


Nothing contained herein shall be deemed a warranty by the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 26th day of September, 1980.

UTILITY REGULATORY COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:

Secretary